

August 5, 2005

Tim Bass
Enterprise Applications Project Director
PPEA Proposals
Office of the Governor
Patrick Henry Building
1111 E. Broad Street, 3rd floor
Richmond, Virginia 23219

Dear Mr. Bass:

For the PPEA Detailed Proposal for Enterprise Applications requirements, IBM is pleased to submit our response for the Commonwealth's requirements. We have carefully read all sections of the Commonwealth's Enterprise Applications Rules of Engagement and the Detailed Package, including all forms, schedules, and exhibits thereto, and have fully informed ourselves as to all existing conditions and limitations.

The information contained in this Detailed Proposal, or any part thereof, including its Exhibits, Schedules, and other documents and instruments delivered or to be delivered to the Commonwealth, is true, accurate, and complete. This Detailed Proposal includes all information necessary to ensure that the statements therein do not, in whole or part, mislead the Commonwealth as to any material fact.

Further, IBM has complied with the requirements of the PPEA in preparing and submitting our Detailed Proposal. Because there are no affected local jurisdictions, no copies of documentation were provided to any jurisdiction in compliance with section 56-575.6 of the PPEA and are not provided herein.

We acknowledge that any part of any aspect of the proposal made by us may be ultimately accepted, rejected, revised, or negotiated by the Commonwealth as part of this PPEA procurement process.

As required in Section 1.8 of the Detailed Proposal Rules, we acknowledge and agree that the Diligence Material and our investigation are adequate for purposes of preparing our Detailed Proposal, and further understand and agree that neither the Commonwealth nor any of its agents, advisors, or representatives: (a) has made or makes any representation or warranty, express or implied, as to the accuracy or completeness of the Diligence Material or any assumptions, statements, estimates or projections contained therein; or (b) shall have any liability whatsoever to our organization or our organization's representatives relating to or resulting from the use of the Diligence Material or any errors therein or omissions therefrom.

This Detailed Proposal is not made in connection with any competing proposer submitting a separate response to the Detailed Package, and is in all respects fair and without collusion or fraud. We did not participate in the Detailed Package-development process and had no

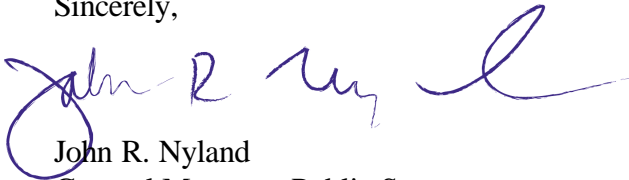
knowledge of the specific contents of the Detailed Package prior to its issuance. No employee or officer of the Commonwealth participated directly or indirectly in the our Detailed Proposal preparation other than in responding to clarifying questions about the Detailed Package as described herein.

IBM and BearingPoint collectively possess the resources, skills, and experience to help the Commonwealth achieve its mission to be a model of operational excellence that represents the best value and delivers the best services to your constituents. Included in this submission are the following items:

1. One (1) original executed proposal
2. Twenty (20) hardcopies of the proposal
3. Fifty (50) electronic copies on CD-ROMs in Microsoft 2003 format

I look forward to demonstrating our commitment to our organizations' mutual success in providing these Enterprise Applications services to the Commonwealth, and we are prepared to answer any questions you may have concerning our offer. Please contact me or our primary point of contact Pat Ferrill on 301-335-4867 with any questions you may have regarding this submission.

Sincerely,



John R. Nyland
General Manager, Public Sector
IBM Global Services
301-803-3900